

Is Facing Questions About Self-Dealing

MacDonald Rejects Claims That He Plays Favorites In Disbursing Tribal Funds

The Land-Purchase Inquiry

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WINDOW ROCK, Ariz.—Like an Oriental potentate, Peter MacDonald rules over the biggest Third World nation in the U.S.

Mr. MacDonald is chairman of the governing tribal council of the Navajo Indian reservation, a chunk of the Southwest about the size of West Virginia. With 200,000 members, the Navajos are the nation's largest tribe. They live in an arid and spectacularly beautiful land filled with coal, uranium, oil—and poverty.

Although Navajo per capita income is less than 40% of the national average, Mr. MacDonald doesn't scrimp. Dubbed "MacDollar" by critics because of the flow of tribal money to him and his friends, Mr. MacDonald has spent tens of thousands of tribal dollars flying on private jets and hundreds of thousands remodeling the tribal chairman's offices.



Peter MacDonald

During his 14 years as chairman, questions have been asked about such things as favoritism and self-dealing. A current investigation by a Phoenix federal grand jury focuses on a multimillion-dollar tribal land purchase from a group represented by a longtime friend of Mr. MacDonald.

The 60-year-old chairman calls the charges of impropriety "hogwash." He "can't go to the bathroom" without somebody accusing him of some wrongdoing, he complains.

Seeking New Business

Preaching free enterprise, Mr. MacDonald has begun an ambitious and expensive drive to attract new businesses to the reservation, where the unemployment rate hovers around 50%. For help, he has recruited such heavyweights as industrialist David Packard, Sen. Daniel Inouye and Defense Secretary Frank Carlucci.

"We intend to demonstrate to this nation how market forces can be marshaled to remedy historic injustice," Mr. MacDonald said in a speech at the National Press Club in Washington.

An old rival, Peterson Zah, for one, contends in an interview that the business-development drive is merely a cover for Mr. MacDonald's most audacious attempt yet to "grab everything that isn't nailed down." In 1982, Mr. Zah defeated Mr. MacDonald for the tribal chairmanship only to have the tables turned four years later.

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Millions of tribal dollars have gone and still are going to people with ties to the chairman, according to tribal records and interviews with those doing business with the tribe. Several hundreds of thousands of dollars a year (the tribe won't say exactly how much) goes for public relations and lobbying work to a Washington, D.C., firm that is partly owned by a longtime MacDonald friend.

An additional \$2.25 million was lent to a small computer firm on the reservation run by two former business associates of the chairman. A onetime senior Navajo official appointed by Mr. MacDonald, who pleaded guilty to fraud several years ago in connection with accepting payoffs from someone doing business with the tribe, was a major contractor on the chairman's office renovations, which included extensive use of wood paneling and fine furnishings. (Mr. MacDonald wasn't involved in the fraud case.)

Even Mr. MacDonald's harshest detractors concede he is a dynamic and forceful personality. Though soft-spoken and slightly stiff in English, he is, by all accounts, a mesmerizing orator in his native tongue—"our Jesse Jackson," says one Navajo journalist.

In his early years in office, Mr. MacDonald "woke up the people and their self-esteem—he put the Navajo Nation on the map," says Mr. Zah in an interview. He quickly adds that the chairman now is "destroying what he stood for."

A major part of Mr. MacDonald's political success came from learning to balance the Navajos' two worlds. In the historical Navajo world, he was born Hashkesilth Begay and groomed to be a medicine man. This world is one of multiple deities and four sacred mountains. Its language has 30 ways to describe the blowing wind but no term for the free enterprise that Mr. MacDonald so fervently espouses. It is a place where people still "look at sheep the way you look at a savings account," a MacDonald aide says.

In the more-modern world, huge energy companies came to dig up the land (and through royalties still provide the tribe with most of its \$85 million in annual revenues), while schools run by the federal Bureau of Indian Affairs taught Navajos "American" values and gave each child a name to match.

Although many Navajos fit easily in neither world, Mr. MacDonald seems comfortable in both. He can spend one day visiting Navajos in dirt-floored hogans to talk about preserving traditional culture and the next day step into a waiting limou-

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